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SENATE

REPORT
No. 58

FEDERAL EMPLOYEES PAY ACT OF 1955

MARCH 10, 1955.—Ordered to be printed

Mr. JOHNSON of South Carolina, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany S. 67]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 67) to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes, having considered the same, report favorably thereon with amendments, and recommend that the bill, as amended, do pass.

GENERAL STATEMENT

S. 67 provides, among other things, for an adjustment in the pay schedule of the Classification Act of 1949, as amended, and for an increase of approximately 10 percent in the basic rates of pay of over one million Federal employees. In the main these employees consist of professional, scientific, administrative, and clerical personnel required in the performance of the varied and farflung activities of the Government. Less than 20 percent are employed in the Washington area while the other 80 percent plus work in every State of the Union and in many faraway outposts of the world.

The bill makes adequate provision to assure these million and more employees in the executive, judicial, and legislative branches of the Government whether under or outside the Classification Act, of increases in basic rates of compensation comparable to those given the half-million postal employees in S. 1, reported to the Senate on March 2, 1955.

AMENDMENT

The committee amendment strikes out all of the bill after the enacting clause and substitutes therefor a new bill which appears in the reported bill in italic type.

The bill as amended is designed to accomplish the following:

1. Adjust the rates of basic compensation of employees subject to the Classification Act of 1949, as amended, to provide an average increase of approximately 10 percent or \$200 whichever is the greater.

2. Provide an increase of 10 percent of \$200, whichever is greater, to—

(a) officers and employees in or under the judicial branch of the Government;

(b) secretaries and law clerks of circuit and district judges;

(c) officers or employees in or under the legislative branch of the Government (except employees in the office of a Senator whose salaries may be adjusted out of additional funds which the bill makes available);

(d) elected officers and certain appointive officers and employees of the Senate and House of Representatives (except the presiding officers);

(e) officers and employees in the Department of Medicine and Surgery in the Veterans' Administration;

(f) employees in the Foreign Service of the United States under the Department of State.

3. Provide comparable increases to employees whose salaries are set by administrative action such as employees of the TVA.

4. Raise the limit on salaries which may be paid to officers and employees of the Central Bank for Cooperatives, or any production credit corporation, production credit association, or bank for cooperatives, to permit giving employees of these organizations raises comparable to those received by other Federal employees under this act.

5. Increase the maximum compensation authorized for court reporters in the district courts of the United States from \$6,000 to \$6,600.

6. Make the increases in rates of basic compensation effective retroactive to the start of the first pay period commencing in 1955.

7. Direct the Civil Service Commission to make a study of the effect and desirability (1) of eliminating present grades 6, 8, and 10 of the general schedule of the Classification Act of 1949, as amended, and (2) of establishing for supervisors whose compensation is fixed under the Classification Act of 1949, as amended, a fixed differential in compensation of at least 5 percent above that of any wage-board employee under these supervisors.

8. Maintain the present ceiling of \$14,800 above which no salary may be raised by reason of this enactment.

EXPLANATION OF THE BILL BY SECTIONS

Rates of pay fixed by the Classification Act

Section 1 (a) of the bill amends section 603 (b) and section 603 (c) of the Classification Act of 1949, as amended, by establishing new per annum basic rates of compensation for the general schedule (GS) and the crafts, protective, and custodial schedule (CPC) and new per annum rates for part-time charwomen and head charwomen.

Under the revised general schedule in which rates are both adjusted and increased, the over 800,000 lower paid employees in grade GS-12 and below will receive increases averaging over 10 percent, whereas, the over 35,000 higher paid employees in grades GS-13 and above will receive increases of somewhat less than 10 percent.

Under the revised CPC schedule, in which rates are similarly adjusted and increased, the approximate 100,000 employees now subject to its provisions will receive increases comparable to those received by the larger body of Federal employees under the general schedule. Public Law 763, 83d Congress provides for the eventual shifting of employees now in the CPC schedule to the general schedule or for their removal from under the Classification Act, and the fixing of their rates of basic compensation in accordance with rates prevailing in the immediate locality. However, in order to maintain equality in pay now and after the status of these employees has been changed it is necessary to adjust and raise the rates of basic compensation set forth in the CPC schedule even though it will be abolished eventually.

The new rates of basic compensation of charwomen and head charwomen who work part time, as under existing law, are adjusted to correspond with the fifth and seventh rates, respectively, of grade CPC-2.

Initial adjustments under the Classification Act

Subsection (b) provides that the existing pay rates of employees are to be initially adjusted to the new rates prescribed by the bill as follows:

(1) Each employee paid, immediately prior to the effective date, at a scheduled or longevity rate of his grade shall be paid at the corresponding new rate of his grade in effect on and after such date.

(2) Each employee paid, immediately prior to the effective date, at a rate between 2 scheduled rates or between a scheduled rate and a longevity rate or between 2 longevity rates, shall be compensated at the higher of the 2 corresponding new rates in effect on and after such date.

(3) Each employee who is in grade 15 or below of the general schedule or in a grade of the CPC schedule and who was paid, immediately prior to the effective date, at a rate in excess of the longevity rate of his grade shall be paid on and after such date at a rate equal to the old rate, increased by an amount equal to the amount of the increase in the maximum longevity rate of his grade.

(4) Each part-time char employee paid, immediately prior to the effective date, at a rate in excess of the rate provided for his position under section 603 (c) (2) of the Classification Act of 1949, as amended, shall be paid on and after such date at a rate equal to the old rate, increased by an amount equal to the amount of the increase made by the bill in the rate for like positions.

(5) Each employee who is in grade 16 or 17 of the general schedule and who was paid, immediately prior to the effective date, at a rate in excess of the maximum scheduled rate of his grade shall receive no increase in rate of compensation until entitled to an increase by reason of the operation of the Classification Act of 1949, as amended.

(6) Each employee who with his position has been transferred from the CPC or GS schedules to a prevailing rate schedule pursuant to title 1 of the act of September 1, 1954, prior to the effective date hereof, and who on such effective date is being compensated under such prevailing rate schedule at a rate which is less than the rate to which he would have been entitled on such effective date if such transfer had not occurred (unless he is receiving such lesser rate because of an adverse personnel action resulting from his own fault), shall be

paid basic compensation at a rate equal to the rate which he would have been receiving if the transfer had not occurred (including compensation for each within grade and longevity step-increase which he would have earned), until he leaves the position he holds on such effective date, or is entitled to a higher rate under the prevailing rate schedule.

Elimination of grades and establishment of differential in pay of supervisors

Section 2 of the bill directs the Civil Service Commission to make (1) a study of the desirability of eliminating grades 6, 8, and 10 of the General Schedule of the Classification Act, and (2) a study of the desirability of establishing a differential of not less than 5 percent in the rate of pay for supervisors whose compensation is fixed under the Classification Act, and who regularly have responsibility for the supervision of employees whose compensation is fixed and adjusted in accordance with prevailing rates. The Commission is directed to report to the Post Office and Civil Service Committee of the Senate as soon as possible.

Pay of judicial employees

Section 3 (a) increases by 10 percent or \$200 per annum, whichever is greater, the compensation of officers and employees in or under the judicial branch of the Government. Among such employees are—

- (1) Clerks of courts, deputies, librarians, criers, messengers, law clerks, secretaries, stenographers, clerical assistants, and other employees of the courts whose compensation is not otherwise fixed by law;
- (2) clerical, stenographic, and other assistants of referees in bankruptcy;
- (3) probation officers and clerical help;
- (4) Assistant Director of the Administrative Office of the United States Courts;
- (5) law clerks and secretaries of the Supreme Court;
- (6) the librarian, marshal, and reporter of the Supreme Court and necessary assistants.

Subsection (b) increases the limitation fixed by law on the compensation of secretaries and law clerks of circuit and district judges by the amounts necessary to pay the additional compensation provided by this act.

Subsection (c) increases the limitation fixed by law on the compensation of court reporters for district courts to permit payment of the additional compensation provided by this act.

Pay of legislative employees

Section 4 (a) provides an increase of 10 percent or \$200 per year, whichever is greater, to officers and employees in or under the legislative branch (other than an employee in the office of a Senator).

Subsection (b) increases the limitation fixed by law on the compensation of officers and employees in or under the legislative branch by the amount necessary to permit payment of the additional compensation provided by subsection (a) above.

Subsection (c) authorizes an increase in the aggregate amount of basic compensation which may be paid for administrative and clerical assistance and messenger service in the offices of Senators; it increases

the limitation fixed by law on the compensation of certain of these employees by the amounts necessary to permit payment of the additional compensation authorized by this act; and, it provides the procedure for effectuating the increases authorized by this act. The last proviso of the subsection provides that basic compensation of such employees may be fixed at the lowest multiple of \$60 which will result in an increase of not less than 10 percent of the employee's total salary. Unless this adjustment were permitted it would not be possible, in all instances, to give employees a full 10-percent increase.

Subsection (d) provides an increase of 10 percent in the rates of basic compensation of the elected officers of the Senate and House of Representatives (not including the presiding officers of the two Houses), the Parliamentarian of the Senate, the Parliamentarian of the House of Representatives, and the Coordinator of Information of the House of Representatives.

Subsection (e) provides that the increases afforded by subsection (a) shall not apply to employees whose compensation is paid from the appropriation contained in the paragraph designated "Folding documents" under the heading "Contingent expenses of the Senate" in the Legislative Appropriation Act, 1955. The last sentence of the subsection provides that the limitations contained in such paragraphs shall be increased by 10 percent.

Subsection (f) provides that official reporters of proceedings and debates of the Senate and their employees shall be considered to be officers or employees in the legislative branch within the meaning of subsection (a) and this entitles them to the raises therein provided.

Subsection (g) assures that the additional compensation provided by subsection (a) and the provisions of law referred to in such subsection shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act of May 29, 1930, as amended.

Maximum salaries under Farm Credit Act

Section 5 amends section 66 of the Farm Credit Act of 1933 by raising the ceiling on the highest salary that may be paid any director, officer, or employee of the Central Bank for Cooperatives, or of any production credit corporation, production credit association, or bank for cooperatives \$13,800 to \$14,800.

Pay of employees in the Department of Medicine and Surgery, Veterans' Administration

Section 6 provides for an increase of 10 percent or \$200 whichever is greater, in the basic rates of compensation of physicians, dentists, nurses, and certain other employees in the Department of Medicine and Surgery, Veterans' Administration.

Subsection (b) increases from \$12,800 to \$14,080 the maximum compensation that may be paid to any person rated as a medical, surgical, or dental specialist in the Department of Medicine and Surgery, Veterans' Administration.

Employees in the Foreign Service

Section 7 provides for an increase of 10 percent or \$200 per annum, whichever is greater, in the rates of basic compensation of Foreign Service officers and employees provided by section 412 and 415 of the Foreign Service Act of 1946, as amended.

Ceiling on pay

Section 8 provides that, notwithstanding any other provision of this act, no rate of compensation which is \$14,800 or more shall be increased by this act, and no rate of compensation shall be increased by this act to an amount in excess of \$14,800.

Effective date

Section 9 (a) provides that the act shall be effective on the first day of the first pay period which begins in 1955. This subsection provides further that no payment shall be required to be made under this act before the first day of the first pay period which begins more than 60 days after enactment. The purpose of this provision is to allow ample time to the departments and agencies to obtain funds and accomplish the adjustments required by this act in an orderly manner.

Retroactive pay

Subsection (b) of section 9 limits the payment of retroactive compensation to employees who are still in the service of the United States (including service in the Armed Forces of the United States) or of the municipal government of the District of Columbia on the date of enactment, except that retroactive compensation shall be paid to retired or deceased officers or employees for services rendered between the effective date of the act and the date of their retirement or death.

Subsection (c) authorized a retroactive adjustment in salaries set by administrative action pursuant to law (not including basic rates of compensation of wage-board employees established by administrative action in accordance with prevailing rates) comparable to the increases provided by this act. This is intended to permit an adjustment in the salaries of employees in such agencies as AEC and TVA to the same extent as will accrue to employees whose rates of basic compensation are fixed by the Classification Act of 1949, as amended.

Savings clauses

Subsections (d) and (e) of section 9 are designed to assure that employees who were changed from a wage-board position to a position under the Classification Act or who were promoted from one grade to another in a position under the the Classification Act during the interval between the effective date and the date on which payment is made under this act receive the same benefits as though the act was in effect at the time the change occurred.

Responsibility for retroactive payments

Subsection (f) of section 9 makes it clear that the retroactive salary increase payable under the provisions of this act to an employee who transferred from one establishment of the Government to another between the effective date and the date on which payment is made under this act shall be made by the establishment from which the employee transferred from the effective date of this act to the date of the transfer. The same rule applies with respect to adjustments in lump-sum payments made to employees who entered on duty in the Armed Forces, retired, died, or transferred to a position exempted from the Annual and Sick Leave Act of 1951 under section 202 (b) (1) (B), (C) or (H) of such act.

Adjustment in amount of life insurance

Subsection (g) of section 9 provides that for the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, changes in the rates of compensation which result from the enactment of this act shall be deemed to be effective on the first day of the first pay period which begins after enactment.

Cost

Both the Bureau of the Budget and the Civil Service Commission estimated the cost of S. 1 as introduced at about \$500 million annually. On the basis of these estimates, the cost for the current fiscal year would amount of some \$250 million since the effective date in S. 1 as reported is approximately midway into the fiscal year.

The table headed "Absorptions of initial costs of civilian pay increase acts, 1946-51" (by the Bureau of the Budget) appearing on page 63 of the hearings before the Committee on Post Office and Civil Service, United States Senate, 84th Congress, 1st session on S. 1, S. 67, S. 773, S. 774, indicates that from 56 to 76 percent of the initial costs of the 4 most recent pay increases (exclusive of postal field service) were absorbed by the departments and agencies. Spokesmen for the administration indicated that an absorption of one-third was contemplated under the administration's pay-increase plan. The committee considers this to be a reasonable rate of absorption. On this basis the actual annual payroll increase would be two-thirds of \$500 million or approximately \$335 million. Taking into account the money that will be returned to the Treasury in the form of Federal income taxes—on the increase only—the net cost will be in the neighborhood of \$275 million.

AGENCY REPORTS

Following are agency reports directed to S. 67 as introduced. Reports were not obtained on S. 67 as amended.

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., March 4, 1955.

HON. OLIN D. JOHNSTON,
Chairman, Committee on Post Office and Civil Service,
United States Senate.

DEAR SENATOR JOHNSTON: This is in further reply to your letter of January 17, 1955, requesting the views of the Civil Service Commission on S. 67, a bill to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes. The following statement summarizes and presents our comments on each section of the bill.

Section 1 revises the compensation schedules for the general and the crafts, protective, and custodial schedules of the Classification Act of 1949, as amended, and prescribes the conversions rules for making initial adjustments to the pay rates of the revised schedules.

The proposed pay schedules would increase present Classification Act salaries by an average of approximately \$516.60, or about 12.2 percent. We estimate that these increases would cost the Government about \$506,305,000 annually. This cost is more than 2½ times greater than the cost of the Classification Act pay adjustments proposed by the administration and strongly recommended by the Commission.

This is only part of the cost of the Classification Act increases proposed by S. 67. Section 10 of the bill would make these increases retroactively effective as of August 23, 1954. To the extremely high cost of \$506 million must be added

upward of \$194 million to cover the retroactive period from August 23, 1954, to the date of enactment. Thus, S. 67 would cost an estimated \$700 million for Classification Act increases alone as contrasted to the \$202 million the administration believes the Government can afford to spend for this purpose.

Section 1 of S. 67 would increase the step increments of the various grades and consequently the spread between the minimum and maximum rates. This provision would in effect result in serious inequities to employees. For example, the present \$80 step increases in grades GS-1 through GS-4 are increased to \$100; those in grades GS-5 through GS-10 are increased from \$100 to \$125 and so on. The result is that initial increases to employees in the same grade will vary by as much as 90 percent. In GS-1, for example, the employee at the minimum rate of the grade will receive an initial increase of \$200 while the employee at the highest longevity step will receive \$380.

Moreover, S. 67 would give many employees in higher grades smaller increases than it provides for some employees in lower grades. For example, employees at the top longevity step of grade GS-3 will receive a \$530 increase which is greater than the increases proposed for some employees in grades GS-4, 5, 6, and 7. Some employees in GS-5 will receive initial increases of as much as \$665 which is \$5 more than some employees in grade GS-11 will receive. Under S. 774, which contains the administration's proposal, each employee in a given grade will receive the same dollar increase and, with a single exception, the amount of initial adjustment will increase progressively from grade to grade thus avoiding the highly inequitable situation which would result from adoption of the Classification Act pay schedules proposed in S. 67.

Section 2 provides that supervisors paid under the Classification Act of 1949, as amended, who regularly supervise employees whose pay is fixed on a prevailing rate basis, shall be paid at a rate which is at least 5 percent above the highest rate being paid to any of the prevailing-rate employees supervised.

This provision seeks to eliminate the problem, sometimes encountered under present pay practice, of having prevailing-rate employees receive higher pay than their Classification Act supervisors. This situation results in serious inequities, poor morale, and basically unsound pay administration. The Commission recognizes the problem, and agrees with the objectives of the proposed provision. However, we believe that the proposal does not satisfactorily meet the needs of the situation, and may easily create as many problems as it solves.

The proposal would have the effect of setting Classification Act supervisors' entrance pay, and subsequent increases within and beyond the pay range for their grades, on the basis of local rates set for blue-collar workers. The blue-collar rates would continue to be fixed by agency administrative action without relation to (1) the supervisors' level of work, (2) the pay of other Classification Act supervisors at the same level, or (3) the time limits and other statutory provisions governing within-grade and longevity step increases for other Classification Act employees.

This practice would produce a variety of problems, chief among which would be serious inequities between supervisors. For example:

1. Pay for a supervisor of prevailing-rate employees could be increased to a level in excess of the pay rates of other supervisors in the same organization having supervision over the same or a higher level of work.

2. The supervisor of prevailing-rate employees could receive more pay than his own supervisors.

3. The pay of a supervisor of prevailing-rate employees would not depend on his length of service in his job, but rather on the length of service of prevailing-rate employees under his supervision. Thus, a newly appointed supervisor of prevailing-rate employees at the top rate for their jobs would be paid more than a supervisor with years of experience in an identical job whose prevailing-rate employees had not advanced to the top rates for their jobs.

Other difficulties and inequities would result because (a) promotion to a higher grade job might mean no increase in pay, (b) pay for supervisors of prevailing-rate employees might be reduced if the supervisor were reassigned to another position in the same grade or to another location where prevailing rates were lower, and (c) the supervisor's pay rate would be reduced if his highest paid prevailing-rate employee resigned and was succeeded by an employee paid at a lower rate.

Moreover, duplication of benefits would result. Under present laws governing premium pay, a supervisor of prevailing-rate employees on a night shift would receive increased pay based on the night rate of these employees. In addition, he would receive a 10-percent night pay differential under the Federal Employees' Pay Act.

Present problems, and those which the proposal seems likely to create, stem largely from the effort to merge two differing pay systems. It is doubtful whether any wholly satisfactory solution can be found as long as the pay of some employees in an installation is fixed uniformly by law on a nationwide basis, while the pay of others is set on the basis of local prevailing wage rates.

For the reasons discussed above, the Commission does not favor enactment of section 2 of the bill.

Section 3 directs the Civil Service Commission to make a study of the effects and desirability of eliminating present grades GS-6, GS-8, and GS-10 of the general schedule of the Classification Act, and to submit a report of its findings and recommendations (including recommendations for pay changes that should accompany elimination of the three grades) to the Senate Civil Service Committee within 120 days from the date of enactment.

The present grade structure includes over 15,000 different occupational skills and many levels of work difficulty and responsibility in the Federal service. Presently, some 70,000 positions are in grades GS-6, GS-8, and GS-10, primarily to recognize supervisory responsibilities in large-scale production operations, and to classify jobs in the various Government inspection services. Grade GS-6 alone has a greater employee population than grades GS-13, GS-14, GS-15, GS-16, GS-17, and GS-18 combined.

If the proposed study is to be made, we think that at least 6 months should be allowed for its completion. We also believe that the recent Hoover Commission recommendations for major revision of the Classification Act grade structure should be fully considered along with the proposal to eliminate grades GS-6, GS-8, and GS-10.

Sections 4 and 5 would increase the rates of basic compensation for certain officers and employees in the judicial and legislative branches of the Government by 10 percent, but not less than \$400 or more than \$800.

We have no comments on sections 4 and 5 since these provisions do not affect the executive branch.

Section 6 would increase from \$13,800 to \$14,600 the maximum compensation which may be paid to a director, officer, or employee of the Central Bank for Cooperatives, or of any production credit corporation, production credit association, or bank for cooperatives.

We have no objection to this provision of the bill.

Section 7 would increase by 10 percent, but not less than \$400 nor more than \$800, the rates of basic compensation of officers and employees in the Department of Medicine and Surgery, Veterans' Administration, paid under Public Law 293, 79th Congress, as amended. It also increases by \$800 the maximum which may be paid certain medical specialists under that act.

Section 8 would increase by 10 percent, but not less than \$400 nor more than \$800, the rates of basic compensation provided by sections 412 and 415 of the Foreign Service Act of 1946, as amended.

The proposed pay schedules for Department of Medicine and Surgery and Foreign Service personnel would double the amount, and therefore the annual cost, of the salary adjustments proposed by the administration for these groups. In addition, the increases proposed by S. 67 would not correct, as would the Administration proposal included in S. 774, existing distortions and inequities in the Foreign Service and Department of Medicine and Surgery pay schedules. For these reasons, we do not favor enactment of sections 7 and 8 of S. 67.

Section 9 would provide that no rate of compensation of \$14,800 or more per annum shall be increased by the act, and that no rate shall be increased to an amount in excess of \$14,800 per annum by the act.

We have no objection to this provision, which is consistent with the compensation schedules provided for in S. 774.

Section 10 would establish the effective date of the act as August 23, 1954, but would provide that no payment may be made under the act until the first day of the first pay period beginning more than 60 days after enactment. This section also specifies various conditions of eligibility for retroactive pay.

As previously indicated, making the proposed pay increases retroactive would result in a major increase in the cost to the Government. Equally serious are the administrative expenses and difficulties inherent in setting pay retroactively. This feature of S. 67 would necessitate administrative review of tens of thousands of personnel transactions involving pay.

Section 10 of the bill would require the review and possible reconstruction of every personnel action which has been effected since August 23, 1954, for each employee on the rolls 60 days after the effective date of the act. Basic pay rates would be recomputed, as well as retirement, social security, and income-tax

withholding deductions; annuities for those who have retired and payments to estates in the case of employees who died in the interim; all within-grade and longevity step increases; all promotions from one grade to another; payments of overseas allowances and differentials; and all payments of night differentials and holiday compensation. Overtime pay would have to be computed on two bases: (1) The provisions existing prior to enactment of Public Law 763, 83d Congress, and (2) the provisions which are current. Because of the differences in these provisions, some employees would have to refund overtime payments.

Subsection 10 (c) provides that pay increases comparable to those provided by the bill but granted by administrative action pursuant to law may be made retroactively effective on the same basis as if they had been provided by the bill.

The coverage of this subsection is so broad that it is applicable to blue-collar workers whose compensation is based upon rates prevailing in private industry in those localities in which the jobs are located. It is illogical to provide or authorize increases on a nationwide basis for positions the pay of which is currently fixed on the basis of local prevailing rates. We suggest that the subsection be revised to specifically exclude prevailing-rate employees from its coverage.

For these reasons, as well as the added cost involved, we do not favor enactment of section 10 of S. 67, but endorse pay adjustments on a prospective basis, as provided in S. 774.

In summary, we do not favor enactment of S. 67 because the bill (a) involves excessive costs to the Government, (b) would result in serious inequities to employees, (c) fails to correct the deficiencies of present pay schedules, and (d) would produce major administrative difficulties. In its stead, the Civil Service Commission strongly recommends enactment of the administration's pay proposals as contained in S. 774.

S. 774 proposes adjustments in the pay schedules of the Classification Act, the Foreign Service Act, and Public Law 293 of the 79th Congress, covering certain employees in the Veterans' Administration, Department of Medicine and Surgery. The bill will provide an overall average increase of about 5 percent for Classification Act and Foreign Service personnel, and a 4.4-percent increase for the Department of Medicine and Surgery employees. The total cost of these pay adjustments will be approximately \$210,500,000.

We believe that the pay adjustments proposed in S. 774 are as fair as possible within the limitations of the President's budget, and the practical ceiling imposed by present salaries under the Executive Pay Act. They will assure that, as employees are promoted to higher grades, their pay will provide more appropriate recognition for their increased responsibilities. Through these changes, pay administration will be made more effective as a means for continued improvements in the Federal personnel system.

We are advised that the Bureau of the Budget has no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

PHILIP YOUNG, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., February 2, 1955.

HON. OLIN D. JOHNSTON,
Chairman, Committee on Post Office and Civil Service,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: This will acknowledge your request of January 17, 1955, for the views of this Bureau concerning S. 67, a bill to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes.

This bill, if enacted, would increase the rates of compensation under the Classification Act of 1949, as amended, by more than 10 percent, effective retroactively to August 23, 1954. Increases of 10 percent, but not less than \$400 (\$800 maximum) are provided for employees of the Veterans' Administration, Department of Medicine and Surgery, and for employees of the Foreign Service. The bill would also provide pay for supervisors at differentials of at least 5 percent over any wage board employees supervised, and would direct the Civil Service Commission to report on the desirability of eliminating grades GS-6, 8, and 10 of the Classification Act of 1949, as amended. Salary increases would be provided officers and employees in the judicial and legislative branches, concerning which no comment is made herein. It is estimated that the portions of S. 67 pertaining to the execu-

tive branch would cost nearly \$400 million in fiscal year 1955 and over a half billion dollars annually thereafter. No provision has been made for added expenditures of this magnitude for this purpose in either the 1955 appropriations or the 1956 budget.

On January 11, 1955, the President sent to the Congress a message proposing certain improvements in pay and benefits for Federal civilian employees. S. 774 would carry these pay recommendations into effect by increasing about 5 percent the rates of basic compensation provided employees under the Classification Act of 1949, as amended, under the Foreign Service Act of 1946, as amended, and also for employees in the Department of Medicine and Surgery of the Veterans' Administration. S. 774 also incorporates the administration's recommendation for eliminating the statutory numerical restriction on positions in grades GS-16, 17, and 18 of the Classification Act, replacing such statutory restriction with a grant of authority to the President to control the maximum number of such positions and to report annually thereon to the Congress. The cost of S. 774 is estimated at approximately \$210 million per annum, effective upon enactment, an amount which has been taken into account in formulating the budget for 1956.

Since S. 67 would not carry into effect the administration's recommendations concerning increases in statutory pay schedules and improvement of administration of top-level positions under the Classification Act, its enactment in its present form cannot be recommended. The enactment of S. 774 would be in accord with the program of the President.

Sincerely yours,

DONALD R. BELCHER, *Assistant Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, February 18, 1955.

HON. OLIN D. JOHNSTON,
*Chairman, Committee on Post Office and Civil Service,
United States Senate.*

DEAR MR. CHAIRMAN: Reference is made to letter of January 17, 1955, acknowledged by telephone January 19, enclosing a copy of S. 67, and requesting our views and comments thereon.

S. 67 proposes substantial increases in the compensation rates for employees in the executive, legislative, and judicial branches of the Government. A study of the bill discloses no basis for objection thereto by us and, other than as set out below, we have no comments to offer.

Section 10 (c) of the bill provides that pay increases granted by administrative action pursuant to law, comparable with those otherwise provided by the bill, also may be made retroactively effective. To remove any doubt whether the increases proposed to be authorized by section 10 (c) may be granted administratively without regard to the so-called Antideficiency Act (31 U. S. C. 665), it is suggested that the language of the section be supplemented by incorporating therein at line 8, page 11, before the word "Pay", the following:

"Notwithstanding the provisions of section 3679, Revised Statutes, as amended (31 U. S. C. 65),"

The retroactive feature of the bill essentially is a matter of congressional policy. However, from the administrative aspect, we should like to point out that retroactive legislation of the nature contemplated by S. 67 invariably creates unforeseeable and inequitable situations. In that regard the bill contains no provision extending its retroactive benefits to employees who have been converted from positions under the Classification Act pursuant to section 105, Public Law 763, approved September 1, 1954, to ungraded positions in which the compensation is fixed to accord with prevailing rates. It may be that you would care to consider a remedy for that situation.

We are without sufficient information to make a reasonable estimate of the cost of the proposed legislation.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill (joint resolution) as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

CLASSIFICATION ACT OF 1949, AS AMENDED

SEC. 603. (a) * * * * *

[(b) The compensation schedule for the General Schedule shall be as follows:

Grade	Per annum rates					
GS-1	\$2,500	\$2,580	\$2,660	\$2,740	\$2,820	\$2,900
GS-2	2,750	2,830	2,910	2,990	3,070	3,150
GS-3	2,950	3,030	3,110	3,190	3,270	3,350
GS-4	3,175	3,255	3,335	3,415	3,495	3,575
GS-5	3,410	3,535	3,660	3,785	3,910	4,035
GS-6	3,795	3,920	4,045	4,170	4,295	4,420
GS-7	4,205	4,330	4,455	4,580	4,705	4,830
GS-8	4,620	4,745	4,870	4,995	5,120	5,245
GS-9	5,060	5,185	5,310	5,435	5,560	5,685
GS-10	5,500	5,625	5,750	5,875	6,000	6,125
GS-11	5,940	6,140	6,340	6,540	6,740	6,940
GS-12	7,040	7,240	7,440	7,640	7,840	8,040
GS-13	8,360	8,560	8,760	8,960	9,160	9,360
GS-14	9,800	9,900	10,000	10,200	10,400	10,600
GS-15	10,800	11,050	11,300	11,550	11,800	
GS-16	12,000	12,200	12,400	12,600	12,800	
GS-17	13,000	13,200	13,400	13,600	13,800	
GS-18	14,800					

(b) The compensation schedule for the General Schedule shall be as follows:

Grade	Per annum rates					
1	\$2,700	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200
2	3,050	3,150	3,250	3,350	3,450	3,550
3	3,300	3,400	3,500	3,600	3,700	3,800
4	3,575	3,675	3,775	3,875	3,975	4,075
5	3,850	4,000	4,150	4,300	4,450	4,600
6	4,275	4,425	4,575	4,725	4,875	5,025
7	4,725	4,875	5,025	5,175	5,325	5,475
8	5,175	5,325	5,475	5,625	5,775	5,925
9	5,650	5,800	5,950	6,100	6,250	6,400
10	6,125	6,275	6,425	6,575	6,725	6,875
11	6,600	6,825	7,050	7,275	7,500	7,725
12	7,800	8,050	8,300	8,550	8,800	9,050
13	9,100	9,350	9,600	9,850	10,100	10,350
14	10,400	10,650	10,900	11,150	11,400	11,650
15	11,700	11,950	12,200	12,450	12,700	
16	13,000	13,250	13,500	13,750	14,000	
17	14,100	14,350	14,600			
18	14,800					

[(c) (1) The compensation schedule for the Crafts, Protective, and Custodial Schedule shall be as follows:

Grade	Per annum rates					
CPC-1	\$1,810	\$1,870	\$1,930	\$1,990	\$2,050	\$2,110
CPC-2	2,420	2,490	2,560	2,630	2,700	2,770
CPC-3	2,552	2,632	2,712	2,792	2,872	2,952
CPC-4	2,750	2,830	2,910	2,990	3,070	3,150
CPC-5	2,974	3,054	3,134	3,214	3,294	3,374
CPC-6	3,200	3,280	3,360	3,440	3,520	3,600
CPC-7	3,435	3,535	3,635	3,735	3,835	3,935
CPC-8	3,740	3,865	3,990	4,115	4,240	4,365
CPC-9	4,150	4,275	4,400	4,525	4,650	4,775
CPC-10	4,565	4,690	4,815	4,940	5,065	5,190

[(2) Charwomen working part time shall be paid at the rate of \$2,700 per annum, and head charwomen working part time at the rate of \$2,840 per annum.]

(c) (1) *The compensation schedule for the Crafts, Protective, and Custodial Schedule shall be as follows:*

Grade	Per annum rates						
1-----	\$1,900	\$1,970	\$2,040	\$2,110	\$2,180	\$2,250	\$2,320
2-----	2,550	2,620	2,710	2,790	2,870	2,950	3,030
3-----	2,700	2,800	2,900	3,000	3,100	3,200	3,300
4-----	3,050	3,150	3,250	3,350	3,450	3,550	3,650
5-----	3,300	3,400	3,500	3,600	3,700	3,800	3,900
6-----	3,575	3,675	3,775	3,875	3,975	4,075	4,175
7-----	3,850	4,000	4,150	4,300	4,450	4,600	4,750
8-----	4,275	4,425	4,575	4,725	4,875	5,025	5,175
9-----	4,725	4,875	5,025	5,175	5,325	5,475	5,625
10-----	5,175	5,325	5,475	5,625	5,775	5,925	6,075

(2) *Charwomen working part time shall be paid at the rate of \$2,870 per annum, and head charwomen working part time at the rate of \$3,030 per annum.*

SECTION 2 (b) OF THE ACT OF OCTOBER 24, 1951

(b) The provisions of section 603 (b) of the Federal Employees Pay Act of 1945, as amended, section 7 (b) of the Federal Employees Pay Act of 1946, as amended, section 303 (c) of the Postal Rate Revision and Federal Employees Salary Act of 1948, and the provisions of paragraph (b) under the heading "Increased pay for legislative employees" in the Second Supplemental Appropriation Act, 1950, shall not apply to officers or employees subject to the provisions of subsection (a) or to employees in the offices of Senators, but no such officer or employee, or any other officer or employee of the Senate or House of Representatives, shall be paid with respect to any pay period basic compensation or basic compensation plus additional compensation at a rate in excess of **[\$11,646]** \$12,810 per annum unless expressly authorized by law.

SECOND PROVISIO IN PARAGRAPH IN LEGISLATIVE BRANCH APPROPRIATION ACT 1947, RELATING TO THE AUTHORITY OF SENATORS TO REARRANGE BASIC SALARIES OF EMPLOYEES IN THEIR RESPECTIVE OFFICES

Provided further, That no salary shall be fixed under this paragraph at a basic rate of more than **[\$5,880]** \$6,540 per annum, except that the salary of one employee, other than the administrative assistant, in the office of each Senator may be fixed at a basic rate of not more than **[\$7,320]** \$8,160 per annum and the salary of the administrative assistant to each Senator may be fixed at a basic rate of not more than **[\$8,400]** \$9,180 per annum.

SECTION 753 (e) OF TITLE 28, UNITED STATES CODE

(e) Each reporter shall receive an annual salary to be fixed from time to time by the Judicial Conference of the United States at not less than \$3,000 nor more than **[\$6,000]** \$6,600 per annum. All supplies shall be furnished by the reporter at his own expense.

SECTION 66 OF THE FARM CREDIT ACT OF 1933

Sec. 66. No director, officer, or employee of the Central Bank for Cooperatives, or of any production credit corporation, production credit association, or bank for cooperatives shall be paid compensation at a rate in excess of **[\$13,800]** \$14,800 per annum.

SECTION 8 (d) OF PUBLIC LAW 293, 79TH CONGRESS

(d) Any person, rated as a medical or surgical specialist under the provisions of this section, shall receive, in addition to his basic pay, an allowance equal to 25 percent of such pay: *Provided*, That in no event shall the pay plus the allowance authorized by this subscription exceed **[\$12,800]** \$14,080 per annum.

